



City of Seattle
Office of Housing

TO: Councilmember Nick Licata, Chair, Housing, Human Service, Health, & Culture Committee
Councilmember Sally Bagshaw
Councilmember Sally Clark
Councilmember Tom Rasmussen

FROM: Bill Rumpf, Acting Director

DATE: February 19, 2010

SUBJECT: Housing Levy Administrative and Financial Plan, Program Years: 2010-2011

Ordinance 123013, passed by City Council on June 12, 2009, placed the Housing Levy proposition on the November ballot and directed the Office of Housing (OH) to prepare a Levy Administrative and Financial Plan (A&F Plan) every two years beginning in 2010. The A&F Plan includes the funding plan for the levy and policies governing administration of each levy program. The Levy A&F Plan must be adopted by the City Council before levy funds may be expended.

Council also passed companion Resolution 31140 on June 15, 2009. That resolution asked the OH to submit the draft Levy A&F Plan for Program Years 2010-2011 to Council for approval by January 31, 2010. It also asked for Homebuyer Program objectives and policies that promote the expansion of long-term affordability models including, but not limited to, land trusts, limited equity co-ops, co-housing, and lease purchase arrangements with homes on leased land.

Councilmembers received a briefing on the Rental Production and Acquisition & Opportunity Loan Programs at the February 10 Committee meeting. The Homebuyer program will be discussed at the upcoming meeting on February 24. The key Homebuyer program policies are outlined below:

1. Homebuyer Program Goals

The Homebuyer Program is intended to provide an ongoing resource to enable low-income first-time homebuyers to purchase a home in Seattle. Homeownership provides housing stability, independence, and an opportunity for economic advancement. The homeowner takes on the responsibilities of repaying loans and maintaining property, and potentially gain equity

on sale that can help them buy a larger home or a home in a different location. Providing first-time homebuyer assistance benefits the entire city by enabling people with moderate wages to live close to their workplace and to contribute to the vitality of local community life.

2. Homebuyer Program Objectives

The following general program objectives are proposed to guide the Homebuyer Program:

- Assist homebuyers to acquire their first home at an affordable cost that will enable them to manage the costs of homeownership and to realize a reasonable share of any increase in home value so they can purchase other housing when family needs change.
- Create an on-going resource to assist future first-time buyers through resale restrictions that will maintain an affordable home price and/or loan repayment terms that will generate funds to assist future home purchasers.
- Promote the expansion of programs that achieve long-term affordability through restrictions on resale, which may include land trusts, limited equity co-ops, co-housing, repurchase options held by nonprofit organizations, and lease-purchase arrangements with homes on leased land.
- Combine with other sources of homebuyer assistance funds (Washington State Housing Finance Commission, State Housing Trust Fund, Federal Home Loan Bank, etc.) to leverage the available Levy dollars.
- Use existing service delivery systems for lending activities.
- Promote pre-purchase homebuyer education as a best practice by requiring households using City of Seattle homebuyer assistance to complete a pre-purchase homebuyer education program sponsored by the Washington State Housing Finance Commission, U.S. Department of Housing and Urban Development, or other education program for first-time buyers approved by the Office of Housing.

3. Homebuyer Program Loan Limits

Policies are included in the A&F Plan that address use of funds, eligibility, and funding guidelines. A new policy is proposed as it relates to amount of City subsidy that provide an additional \$5,000 (increasing maximum loan amount from \$45,000 to \$50,000) in funding if a buyer purchases a home with long-term affordability restrictions.

If you have any questions, please contact me at #5-1577.

CC: Traci Ratzliff, Council Central Staff
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